



## Missouri Department of Natural Resources Energy Center

### MISSOURI ENERGY BULLETIN

August 10, 2006

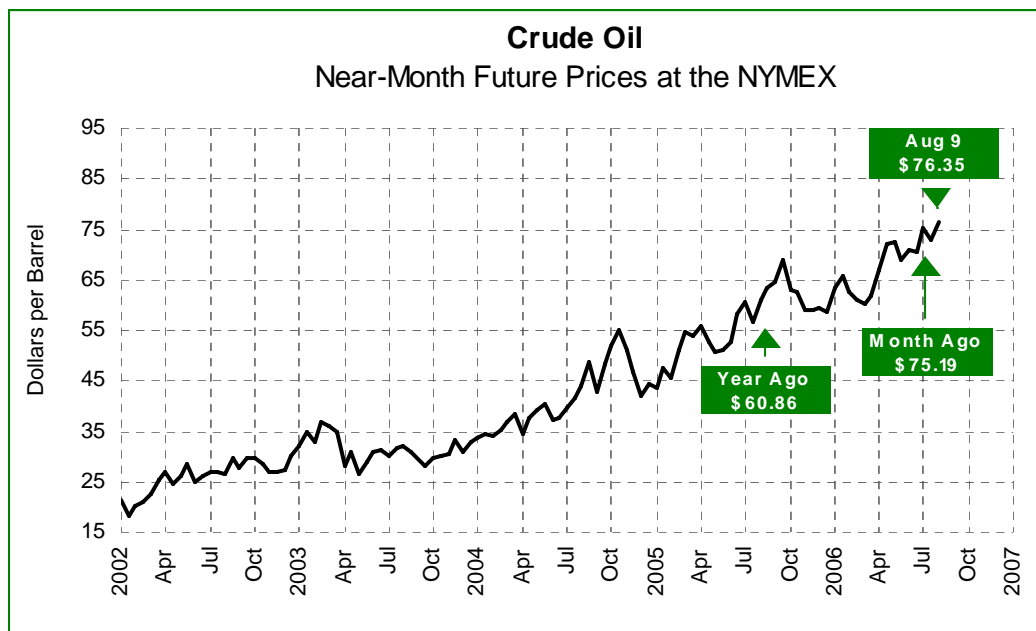
#### **Crude Oil**

**On August 9, crude oil futures for September delivery on the NYMEX settled at \$76.35 per barrel, supported by near-record gasoline demand and falling U.S. gasoline supplies.**

*Crude Oil - Near Month Future Prices (dollars per barrel)*

	<u>08-09-06</u>	<u>07-05-06</u>	<u>change</u>	<u>08-03-05</u>	<u>change</u>
NYMEX	\$76.35	\$75.19	up 2%	\$60.86	up 25%

- Crude oil prices settled \$0.04 higher at \$76.35 per barrel on Wednesday, August 9 following a weekly storage report that reflected near-record demand for motor gasoline and a decline in U.S. crude oil and gasoline supplies. U.S. crude prices rose by \$2.22 on Monday, August 7, after British Petroleum (BP) announced the closing of the Alaskan Prudhoe Bay oil field after the discovery of corrosion along a pipeline. Prudhoe is the largest domestic oil field in the U.S. with a production rate of 400,000 barrels per day, 8 percent of total U.S. production.
- Refinery issues continue to plague the U.S. with unscheduled maintenance at facilities in the Northeast and Gulf Coast Regions. However, some refineries were returning to normal service while others improved overall output, allowing U.S. refineries to operate at nearly 92 percent capacity, a slight improvement from the prior week. Refinery inputs also edged higher for the week to 15.6 million barrels of crude oil per day compared to 16 million barrels per day for the same period last year.

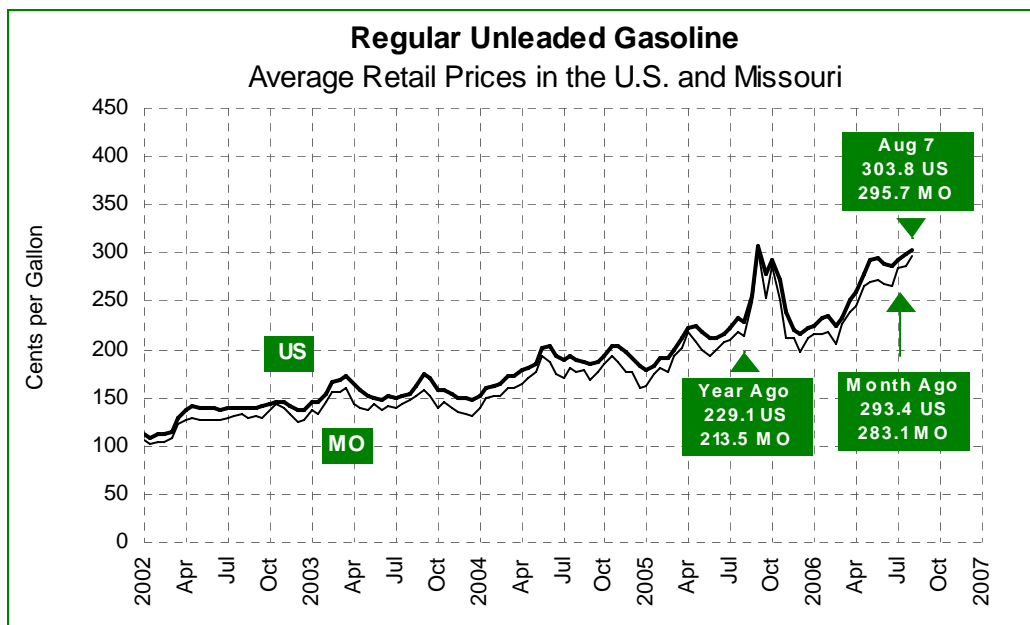


- With the news of a thwarted terrorist plot against aircraft bound to the U.S. from England, the NYMEX futures market reversed course with crude values falling in response to the threat of a decline in demand for crude and petroleum. At press time, NYMEX crude oil futures were down \$2.35 from yesterday's close at \$74 per barrel, with across the board losses for petroleum products.
- Crude prices continue to trend over 24 percent higher since the beginning of the year supported by a variety of contributing factors: Iran's refusal to discontinue uranium enrichment following the threat of United Nation sanctions within the month, month-long military actions by Israel in Lebanon against Hezbollah that threatens the Middle East oil production basin, and the loss of 700,000 barrels per day of production from Nigeria.
- U.S. crude oil supplies decreased 1.1 million barrels to 332.6 million barrels for the week ending August 4, according to the U.S. Department of Energy's (DOE) weekly petroleum report. U.S. crude production increased slightly for the week to approximately 5.1 million barrels per day, but down from 5.4 million barrels at this time last year. Crude imports decreased 0.3 million barrels last week to 10.1 million barrels per day. At this time last year, crude imports were 11.1 million barrels per day.

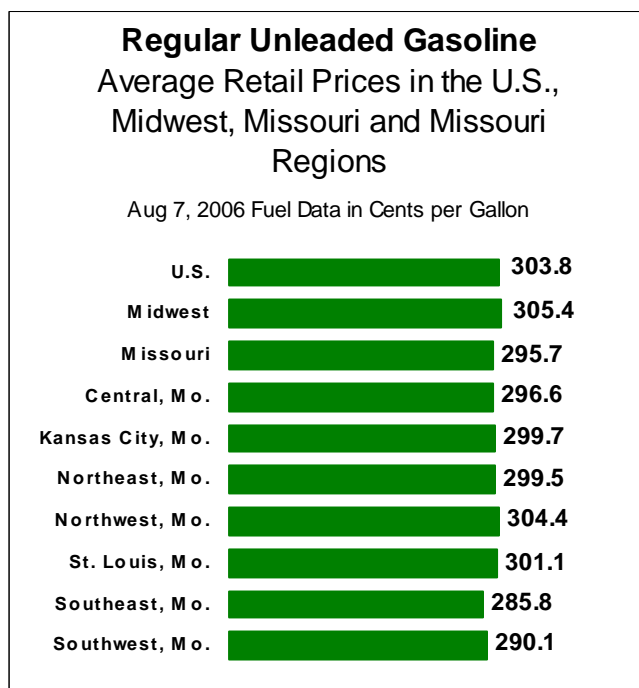
### ***Transportation Fuels***

**On August 7, Missouri's average retail price for regular unleaded gasoline was \$2.96 per gallon, an increase of \$0.13 or 4 percent from last month.**

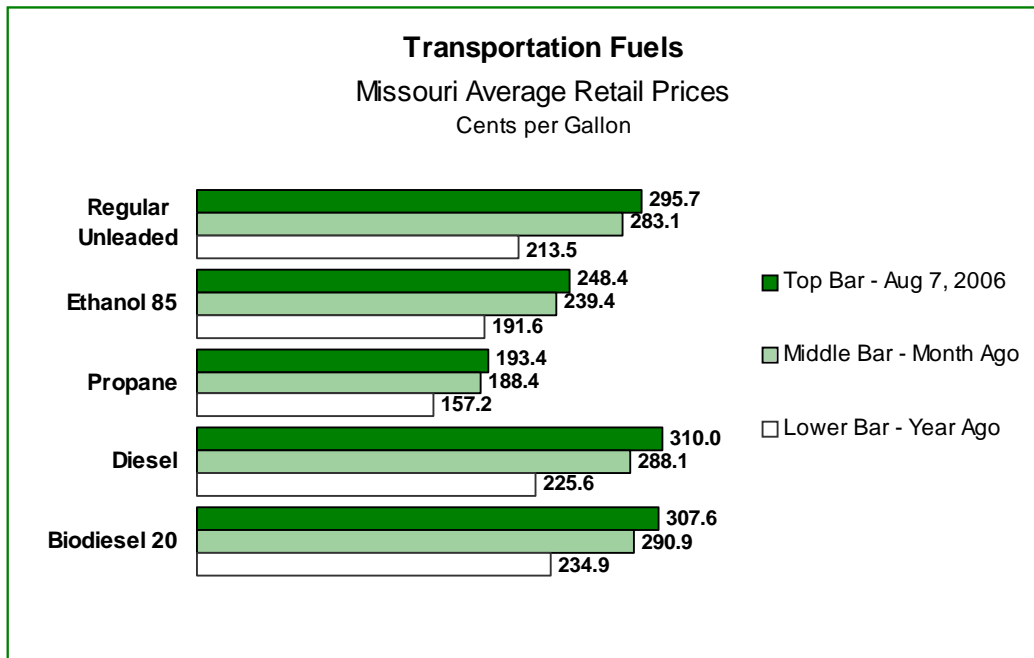
<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>08-07-06</u>	<u>07-03-06</u>	<u>change</u>	<u>08-01-05</u>	<u>change</u>
US	303.8	293.4	up 4%	229.1	up 33%
Missouri	295.7	283.1	up 4%	213.5	up 39%



- On August 7, Missouri's statewide average gasoline retail price was up 13 cents while diesel retail prices increased 22 cents from last month. Missouri retail prices continue to trend below the U.S. averages, yet prices for Missouri gasoline and diesel are 39 and 37 percent higher than last August, respectively. The U.S. average retail gasoline price was \$3.04 per gallon. On August 8, DOE projected Summer 2006 (April 1 to September 30) regular gasoline pump prices to average \$2.92 per gallon, 55 cents higher than last year's average of \$2.37 per gallon.



Diesel Fuel - Retail Prices (cents per gallon)					
	08-07-06	07-03-06	change	08-01-05	change
US	305.5	289.8	up 5%	234.8	up 30%
Missouri	310.0	288.1	up 8%	225.6	up 37%



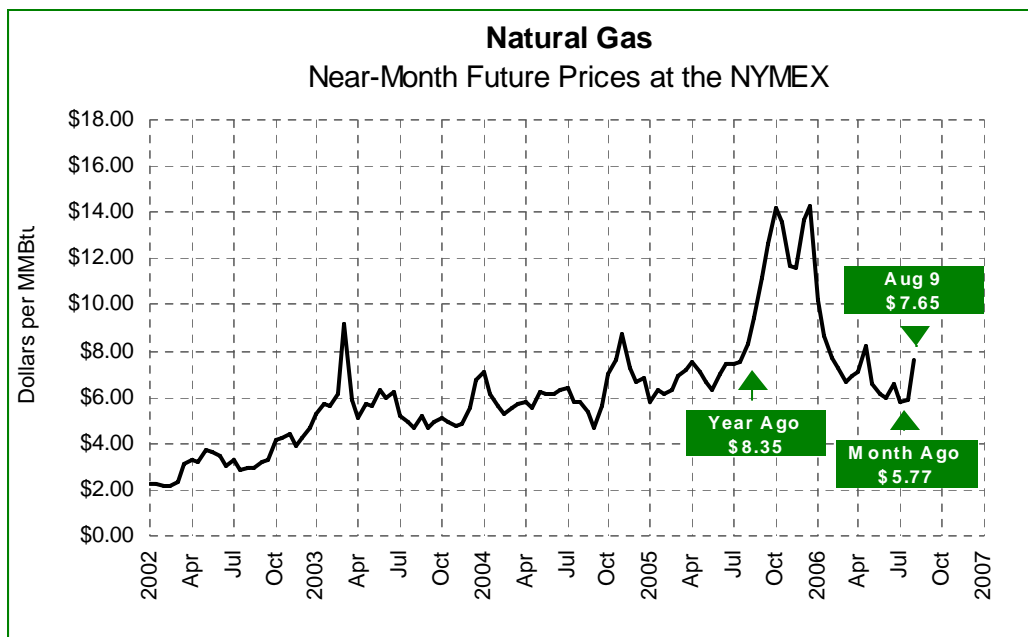
- In addition to events affecting crude oil markets, refineries are dealing with two major fuel specification changes this summer: (1) the elimination of MTBE in gasoline replaced by ethanol, and (2) the move to ultra-low-sulfur diesel (ULSD) for highway use in terminals by September 1 and retail facilities by October 15. The transition to ULSD, unplanned refinery outages and the seasonal increase in diesel demand for Midwest crop harvests, supported higher diesel prices in recent weeks.
- U.S. gasoline supplies fell 3.2 million barrels from a week ago to 207.7 million barrels and are 2.5 million barrels higher than last year's level at this time, trending within the five-year average. Near record demand for motor gasoline and a decline in gasoline imports contributed to the supply decrease.
- Although implied demand for gasoline on a four-week average increased to 9.6 million barrels, the weekly average number increased to nearly 9.7 million barrels per day. Gasoline demand is currently 1.8 percent higher compared to the same period last year, in spite of higher retail gasoline prices.

## Natural Gas

**On August 9, natural gas futures closed at \$7.65 per MMBtu, a 33 percent increase from last month, and 8 percent or \$0.70 lower than August 2005.**

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	<u>08-09-06</u>	<u>07-05-06</u>	<u>change</u>	<u>08-03-05</u>	<u>change</u>
NYMEX	\$7.65	\$5.77	up 33%	\$8.35	down 8%

- The NYMEX futures contract for September delivery settled at \$7.65 per MMBtu on Wednesday, August 9, climbing 15 cents, or about 2 percent, from the settlement price of \$7.50 last Wednesday, August 2. This price is \$1.88 or 33 percent higher than the settlement price a month ago on July 5.
- Contracts for delivery during the upcoming heating season (November 2006 – March 2007) declined by an average of 7 cents per MMBtu this week to settle at an average of \$10.885 per MMBtu. Currently, the highest priced contract is for February 2007, which settled at \$11.467 per MMBtu on August 9.

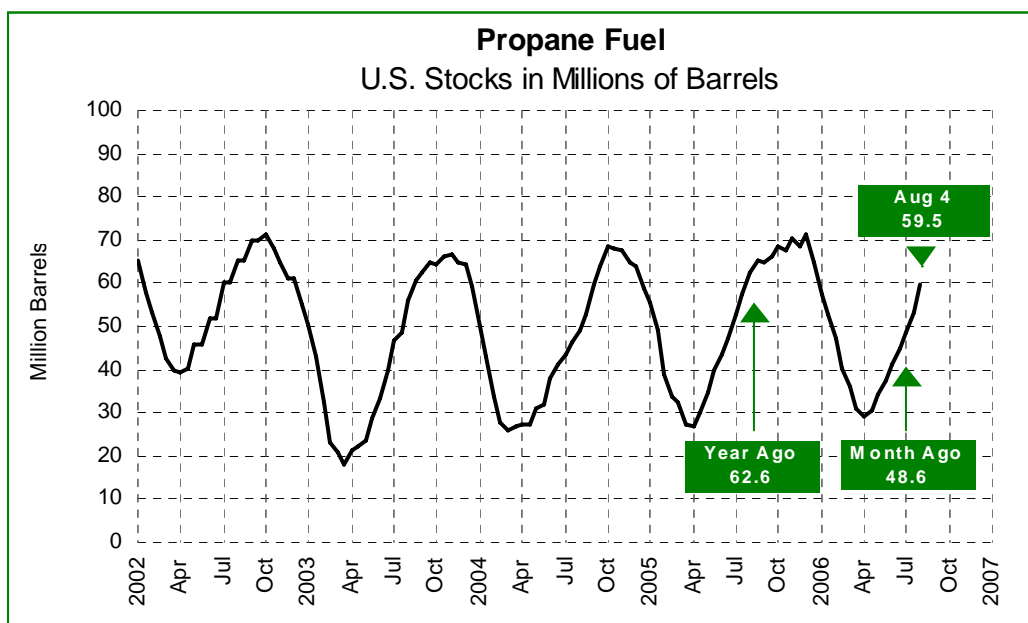


- Working gas in storage totaled 2,763 Bcf as of Friday, August 4, according to EIA's *Weekly Natural Gas Storage Report*. Working gas inventories are roughly 16 percent above the 5-year average and 12 percent above the level last year for the same week.

### Propane

On August 7, Missouri's average residential price for propane was nearly \$1.63 per gallon, an increase of 2 cents from a month ago and 22 cents from this time last year.

Propane - Residential Prices (cents per gallon)					
	08-07-06	07-03-06	change	08-01-05	change
Missouri	162.8	160.8	up 1%	140.4	up 16%



- According to the Missouri Energy Center's monthly summer propane survey, the average retail price for residential propane was \$1.63 per gallon on August 7 compared to \$1.61 per gallon on July 3. The current price is 22.4 cents or 16 percent higher than at this time last year.
- U.S. inventories of propane moved higher last week with a 1.3-million-barrel stock build that positioned the nation's primary inventories of propane at an estimated 59.5 million barrels as of August 4, 2006. Midwest inventories improved by 0.9 million barrels to nearly 24 million barrels last week. Midwest inventories stood at 21 million barrels at this time last year.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: [energy@dnr.mo.gov](mailto:energy@dnr.mo.gov); Web Address: [www.dnr.mo.gov/energy/transportation/fb.htm](http://www.dnr.mo.gov/energy/transportation/fb.htm)